

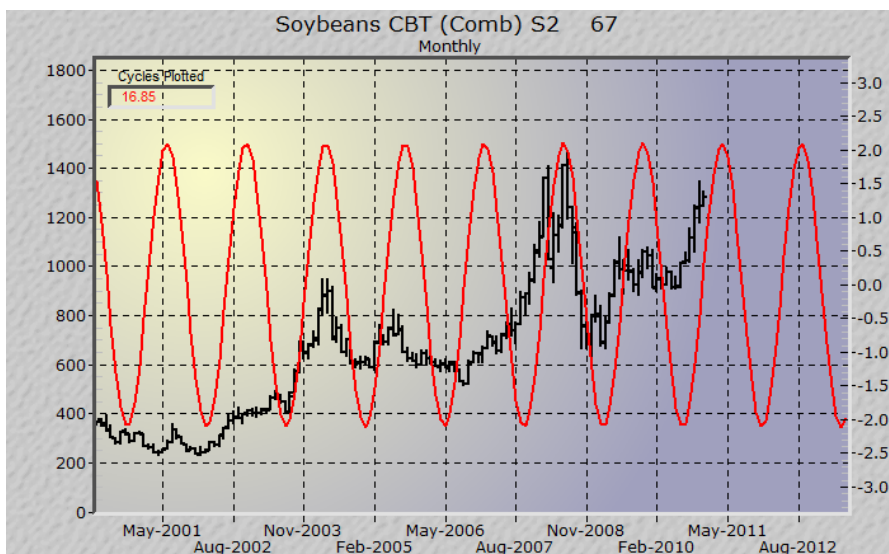
# Cycle Projections - Commodities

VOLUME III, ISSUE 8

COMMODITIES : CRB, SOYBEANS, CORN, WHEAT, COTTON, MEATS, ETC.

## CRB Index Energy versus all the other Commodities

There is a singular divide between the energy complex and the other commodities. In 2008 all commodities made major highs and the 28-year cycle, in most of the commodities, appeared to have topped; but now, two years later, it is questionable whether any but crude and the energy complex have topped. The dynamic is simple. There are the struggling economies where the most energy is used as well as the significant demand in the emerging economies for raw materials including food. Thus there are two different themes at work. There is the unleashing of the vast populations in emerging markets of new consumers along with their voracious demand for goods and raw materials. Then there is the eclipsing of the dominant predominantly Western and American economies with their economic ineptness and financial floundering.



Raymond Wheeler foresaw this trend in the 1940s and published this in *Cycles Magazine*. But what will these dynamics do to commodity prices? The answer is that it will depend upon the series and just how inoculated the emerging economies are against the contagion of the developed economies. Our view is that the emerging economies will not be able to avoid the debt hangover of the developed economies and that demand will wane and the support for most commodities will fail. That does not necessarily mean a return to the previous trading range between 300 and 200 on the CRB Index. We expect that the bottom of the new range will be over 325, near the 1980 cash highs. With that being said, essentially the world of commodities is very complex and

don't expect any particular series to follow the CRB, except in a general sense. Our reason for thinking that the demand will not continue is that we expect the West to have more economic woes and that their consumption will falter. This brings up the question as to whether domestic emerging market demand is enough to drive those economies and make up for the loss of western demand. We may not know the answer to this until we get into the summer of this next year. Between now and then we should see the current rally complete itself by late winter and then be followed by a decline into late in 2011, based upon the 17-month cycle - a significant commodity price cycle. By then the jury will be in on the supply and demand issues.

**Grains and Oil Seeds:** Agriculturals have gone counter seasonal this year as world supply and demand issues came front and center. This will not drive the market next season. **Energy:** Crude is close to the high of its trading range and we expect more sideways action. **Metals:** The precious metals will have a correction later in the year; but not likely now. **Food and Fiber:** We have continued to rally in some series and not in others, with cocoa down and coffee up. **Meats:** We remain neutral with no bias now up or down.

Written 12/14/10

All data used in *Cycle Projections* provided by Genesis Financial Technologies, Inc.  
800 808-3282

**Cycle Projections**

ISSN 1055-1700

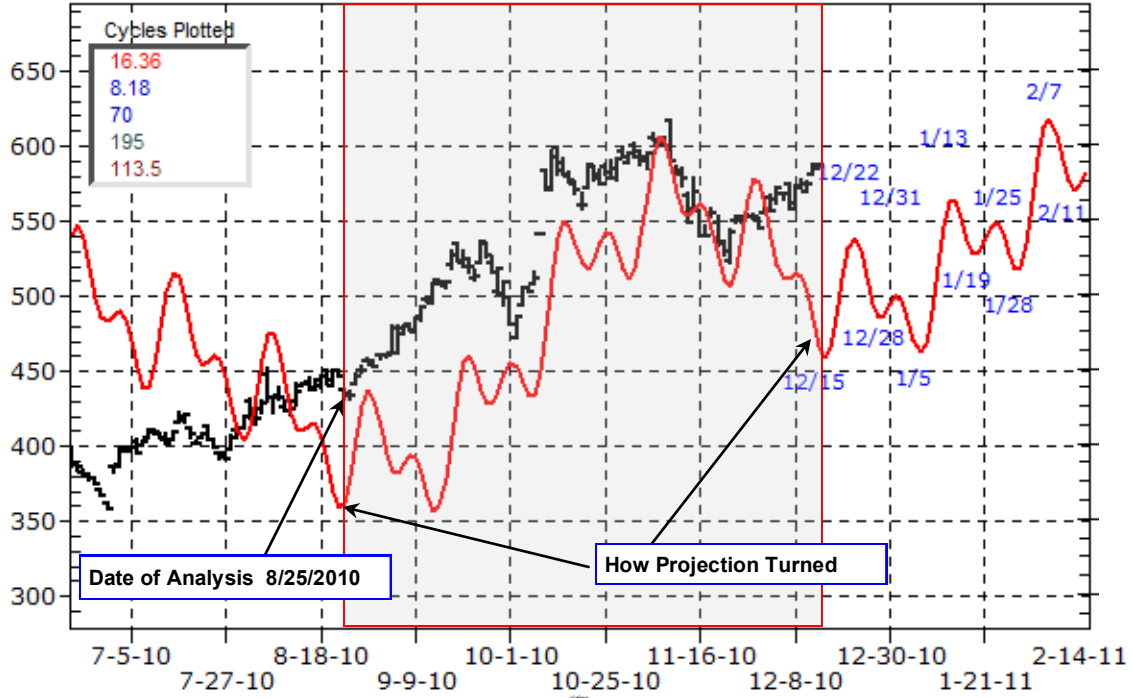
Published Monthly by the Foundation for the Study of Cycles

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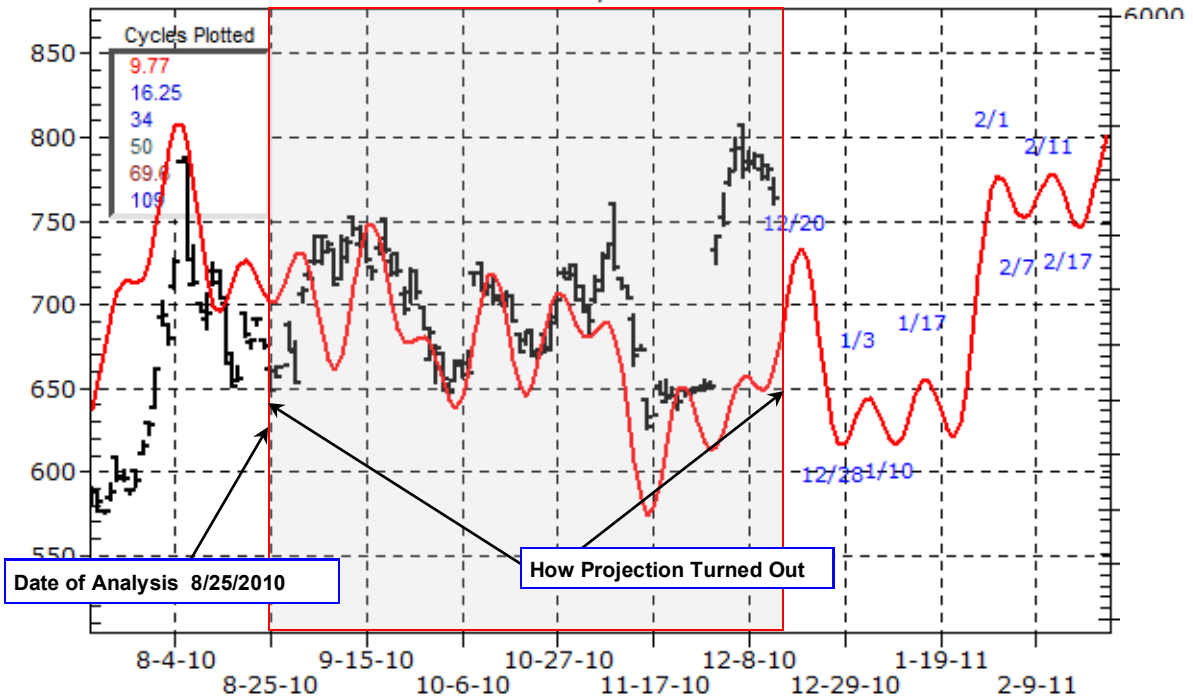
# Daily Corn

Corn CBT (Pit) Cadj C  
Daily



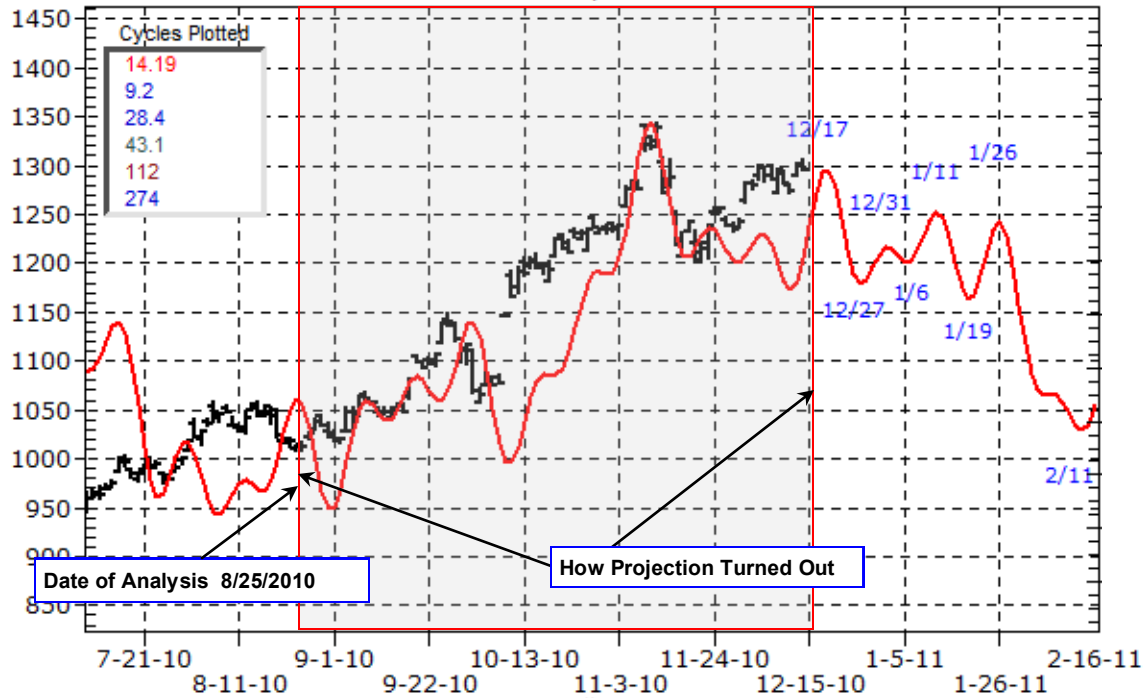
# Daily Wheat

Wheat CBT (Pit) Cont W  
Daily



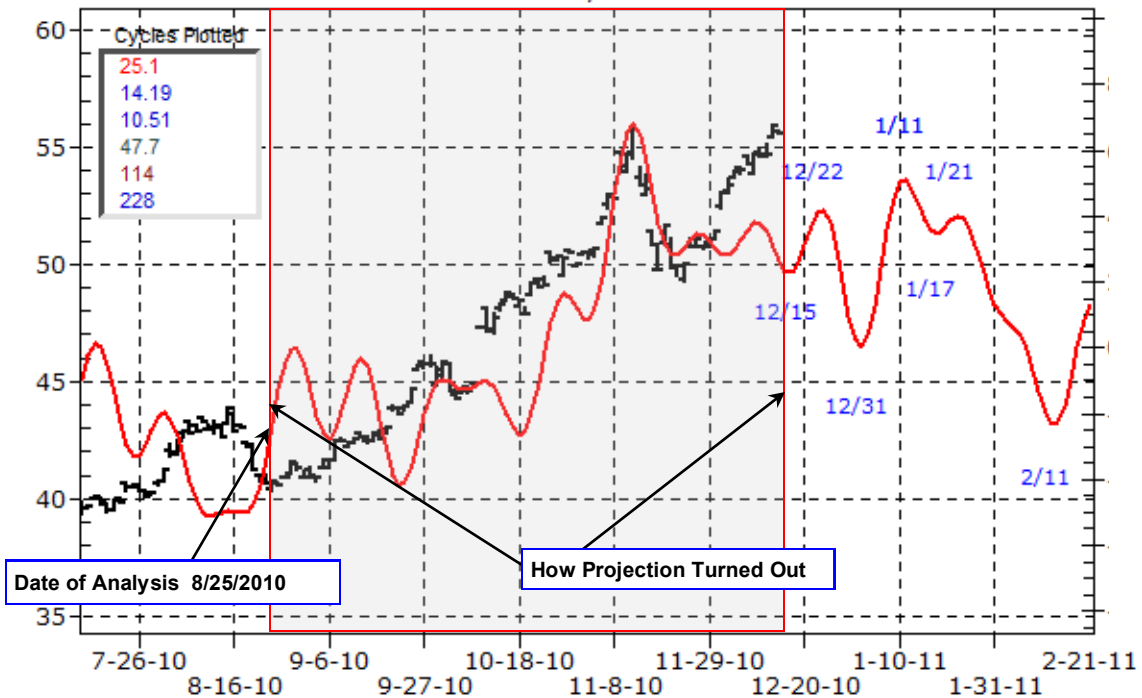
# Daily Soybeans

Soybeans CBT (Pit) C S  
Daily



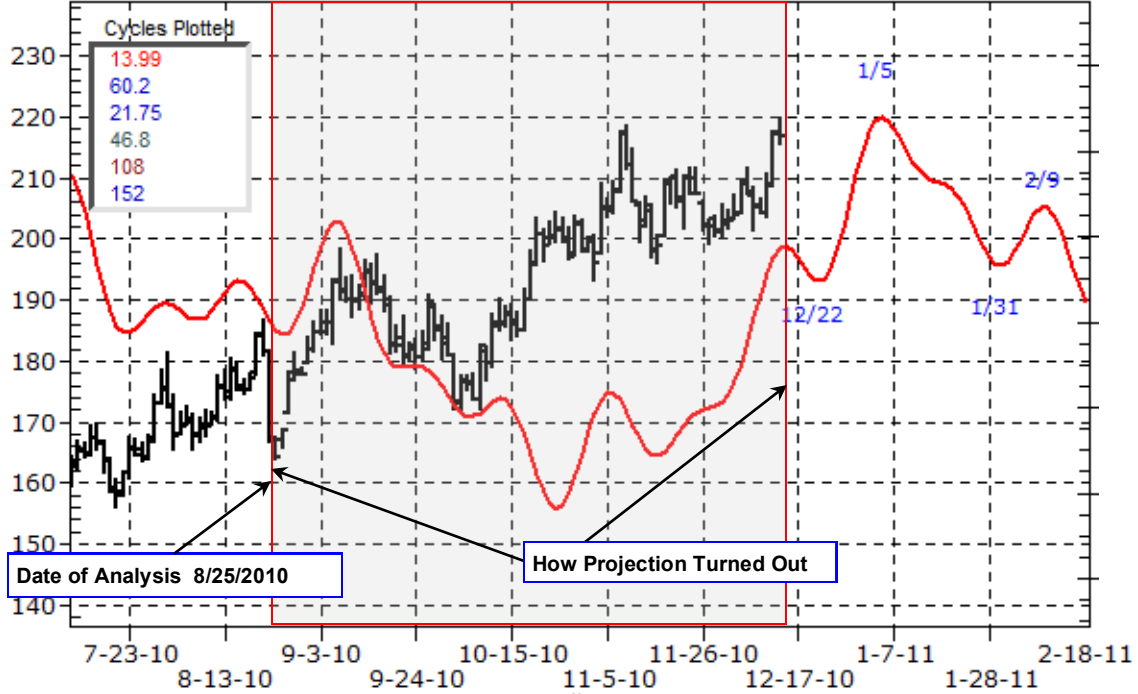
# Daily Soybean Oil

Soybean Oil (Pit) Ca BO  
Daily



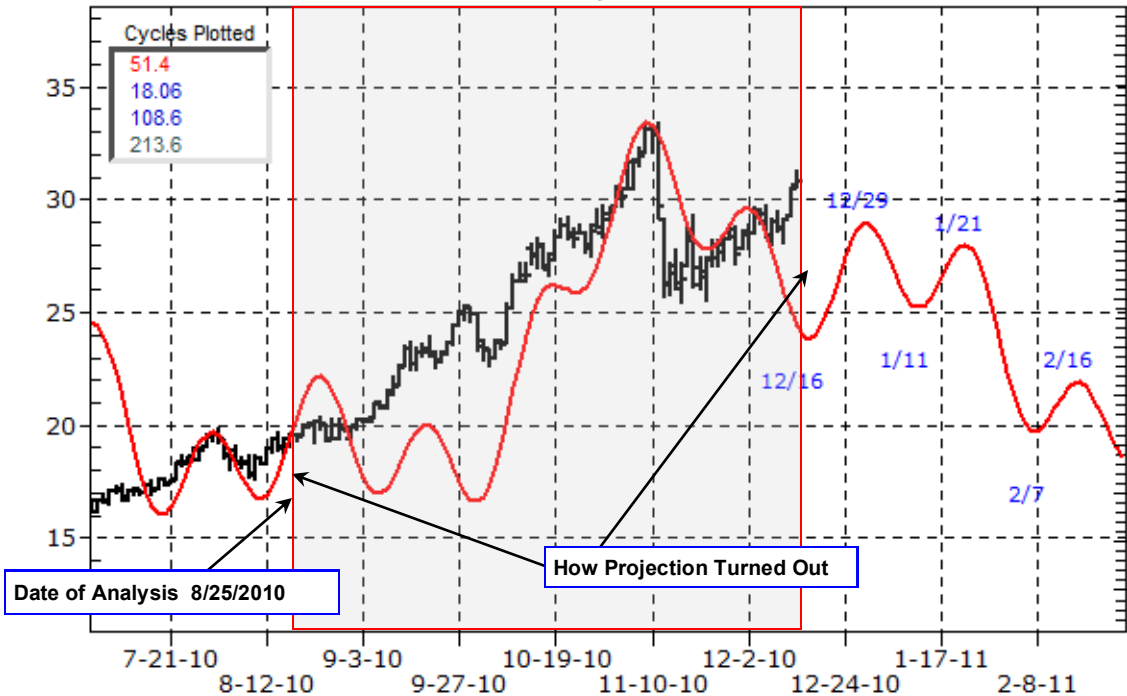
# Daily Coffee

Coffee (Elec) Cont 1 KC  
Daily



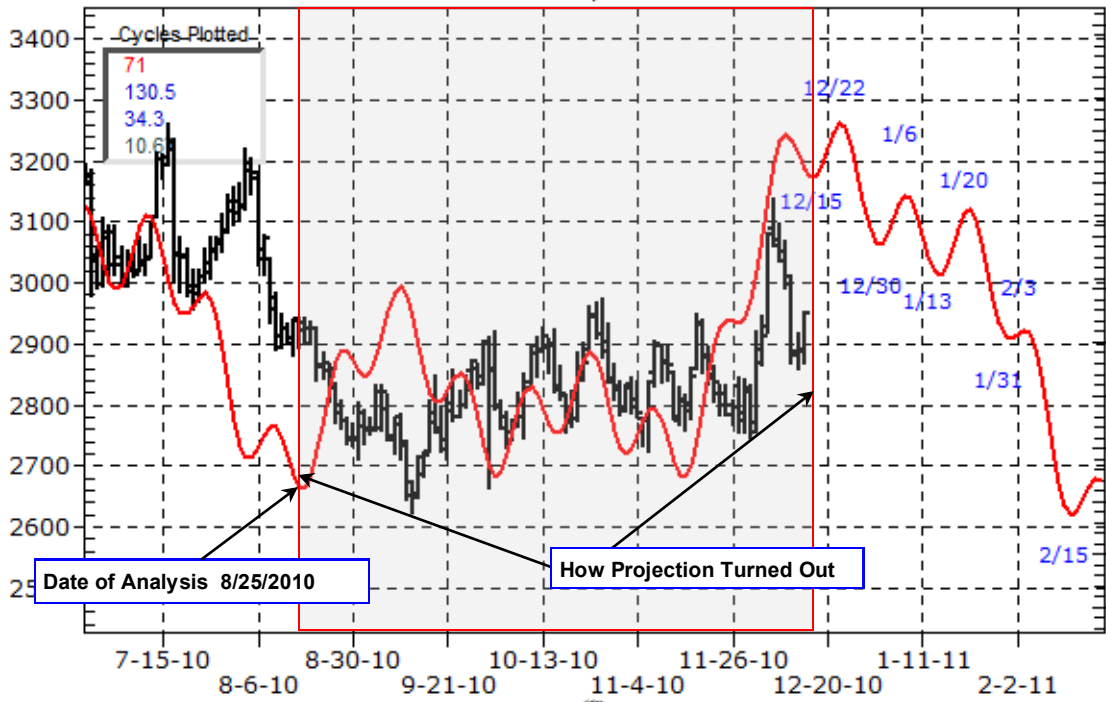
# Daily Sugar

Sugar #11 Cont 1st  
Daily



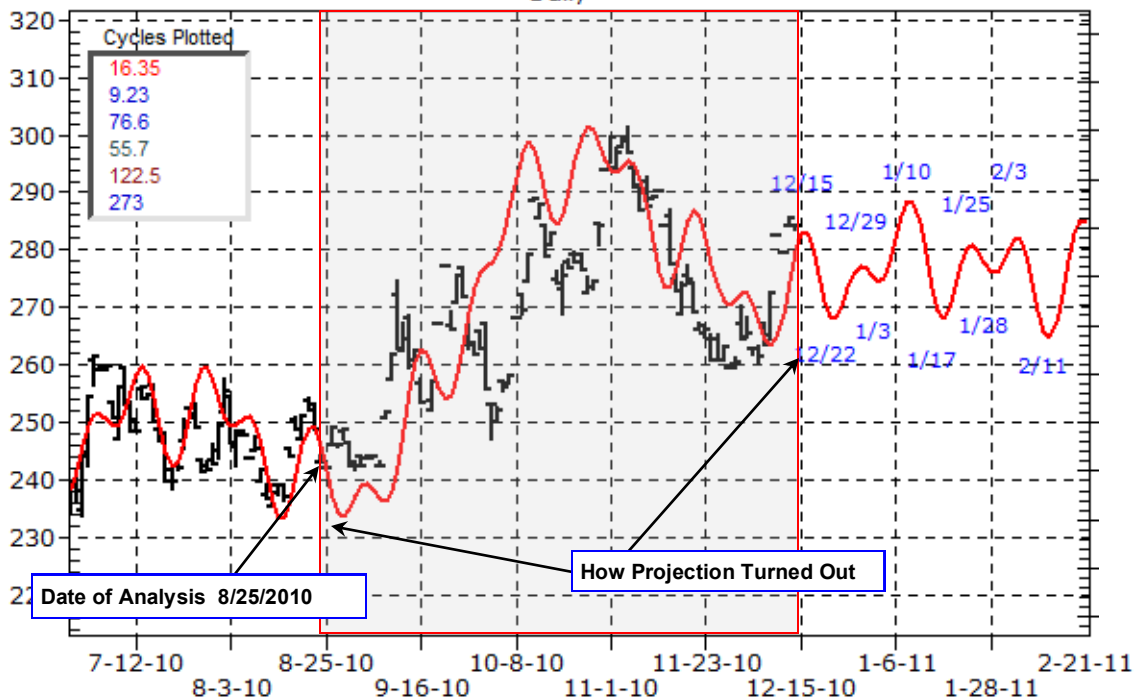
# Daily Cocoa

Cocoa NYBT (Elec) CA CC  
Daily

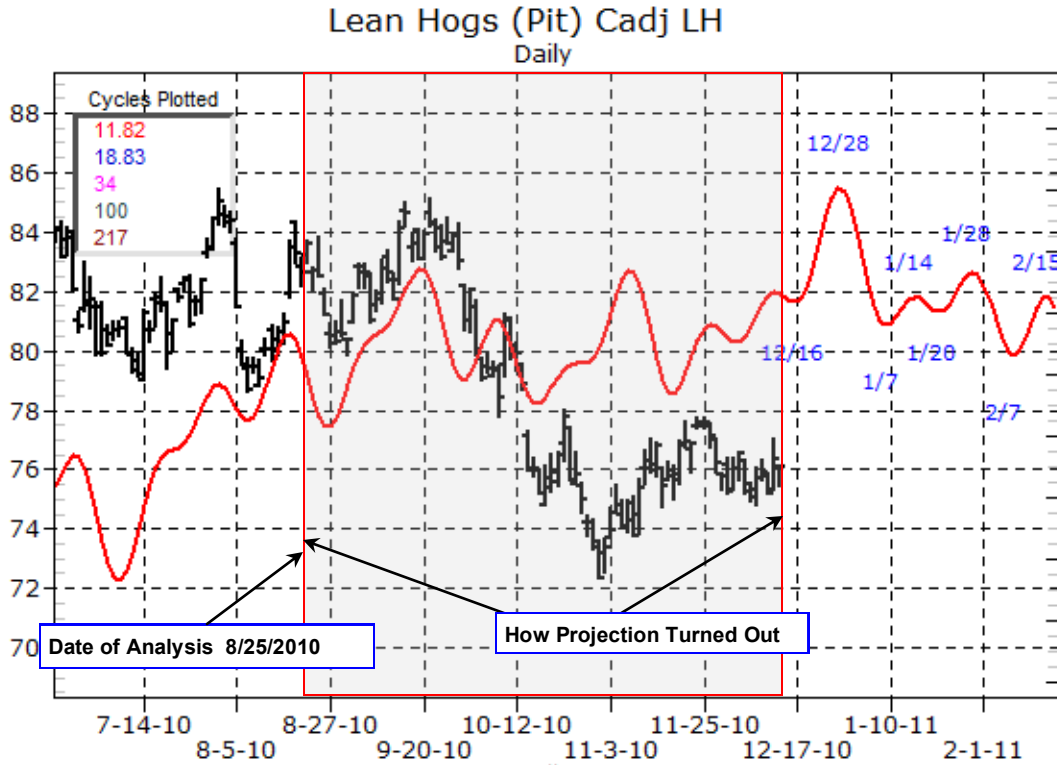


# Daily Lumber

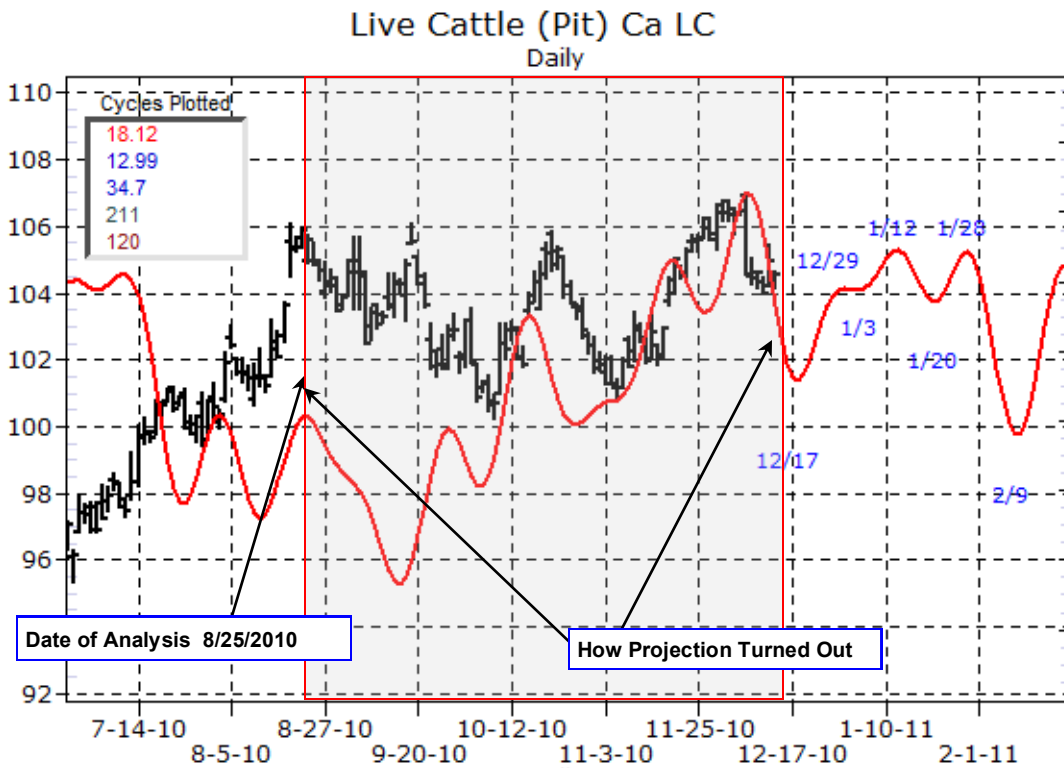
Lumber Cadj Liq LB  
Daily



## Daily Lean Hogs



## Daily Live Cattle



## **Notice to Subscribers**

**Starting with the previous issue, we have created a new analyses for individual market covered. Then in each following issue we have added a feature called “How It Came Out”, which shows how each projection turned out compared to the market itself for the most recent months. In the future when either time or market conditions warrant a new analysis we will not include a “How It Came Out” section until the following month. We will also let you know that it is a new analysis. Our goal is to create a way of tracking how well the analysis used performs through time. We also now include the cycles used in our synthesis as well as presenting prices in the high, low close format..**

**One further comment: Given we have had to construct new analyses for all series in all publications we are behind our publishing schedule. All subscribers will receive all 12 issues in their subscriptions. We thank you for your patience.**